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Exhibit R-2, RDT&E Budget Item Justification: PB 2019 Office of the Secretary Of Defense	Date: February 2018
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Appropriation/Budget Activity					R-1 Program Element (Number/Name)							
0400: Research, Development, Test & Evaluation, Defense-Wide / BA 6: RDT&E Management Support					PE 0605790D8Z / Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR)							
COST (\$ in Millions)	Prior Years	FY 2017	FY 2018	FY 2019 Base	FY 2019 OCO	FY 2019 Total	FY 2020	FY 2021	FY 2022	FY 2023	Cost To Complete	Total Cost
Total Program Element	8.842	2.185	2.372	2.545	-	2.545	2.575	2.624	2.667	2.716	Continuing	Continuing
P518: SBIR/Challenge Admin	8.842	2.185	2.372	2.545	-	2.545	2.575	2.624	2.667	2.716	Continuing	Continuing

A. Mission Description and Budget Item Justification

This Program Element (PE) provides funding for the administration of the Department of Defense (DoD) Small Business Innovation Research (SBIR) Program and the Small Business Technology Transfer (STTR) Program. The SBIR/STTR Program funds over one billion dollars annually in mission oriented research and development projects via small technology companies. The purpose of the program is to stimulate technological innovation, increase private sector commercialization of Federal R&D, increase small business participation in Federally funded R&D, foster participation by minority and disadvantaged firms in technological innovation, and foster cooperative research & technology transfer between small business and research institutions. The SBIR/STTR Program is codified in 15 USC 638. The SBIR/STTR Programs competitively fund scientific and technical innovation to specifically address the needs of participating DoD components.

(U) DoD components participating in the SBIR and STTR Program include the: Army, Navy, Air Force, Defense Advanced Research Projects Agency (DARPA), Missile Defense Agency (MDA), Defense Threat Reduction Agency (DTRA), U.S. Special Operations Command (SOCOM), Joint Science & Technology Office for Chemical & Biological Defense (CBD), National Geospatial-Intelligence Agency (NGA), the Defense Logistics Agency (DLA), the Defense Microelectronics Activity (DMEA), the Defense Health Program (DHP) and the Office of Secretary of Defense (OSD).

B. Program Change Summary (\$ in Millions)	FY 2017	FY 2018	FY 2019 Base	FY 2019 OCO	FY 2019 Total
Previous President's Budget	2.187	2.372	2.563	0.000	2.563
Current President's Budget	2.185	2.372	2.545	0.000	2.545
Total Adjustments	-0.002	0.000	-0.018	0.000	-0.018
• Congressional General Reductions	-	-			
• Congressional Directed Reductions	-	-			
• Congressional Rescissions	-	-			
• Congressional Adds	-	-			
• Congressional Directed Transfers	-	-			
• Reprogrammings	-	-			
• SBIR/STTR Transfer	-	-			
• FFRDC Transfer	-0.002	-	-	-	-
• Economic Adjustment	-	-	-0.018	-	-0.018

Change Summary Explanation

Economic Adjustment

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Exhibit R-2A, RDT&E Project Justification: PB 2019 Office of the Secretary Of Defense										Date: February 2018		
Appropriation/Budget Activity 0400 / 6					R-1 Program Element (Number/Name) PE 0605790D8Z / Small Business Innovation Research (SBIR)/Small Business Technology Transfer (STTR)				Project (Number/Name) P518 / SBIR/Challenge Admin			
COST (\$ in Millions)	Prior Years	FY 2017	FY 2018	FY 2019 Base	FY 2019 OCO	FY 2019 Total	FY 2020	FY 2021	FY 2022	FY 2023	Cost To Complete	Total Cost
P518: SBIR/Challenge Admin	8.842	2.185	2.372	2.545	-	2.545	2.575	2.624	2.667	2.716	Continuing	Continuing
Quantity of RDT&E Articles	-	-	-	-	-	-	-	-	-	-		
A. Mission Description and Budget Item Justification												
(U) The SBIR/STTR Program is executed in three phases. The purpose of Phase I is to determine, insofar as possible, the scientific technical and commercial merit, and feasibility of ideas submitted under the SBIR/STTR Program. Phase II awards are made to firms that have been awarded a Phase I contract on the basis of the results of their Phase I effort and the scientific, technical, and commercial merit of the Phase II proposal. Phase II is the principal research or research and development effort and is expected to produce a well-defined deliverable prototype. Phase III SBIR/STTR efforts derive from, extend or conclude Phase I or Phase II efforts, and are not funded with SBIR/STTR funds. Under Phase III, companies participating in the SBIR/STTR Program are expected to obtain funding from the private sector and/or non-SBIR/STTR government sources to develop the prototype into a viable product or non-R&D service for sale in military and/or private sector markets.												
B. Accomplishments/Planned Programs (\$ in Millions)									FY 2017	FY 2018	FY 2019	
Title: SBIR/Challenge Admin									2.185	2.372	2.545	
Description: (U) Program element (PE) 0605790D8Z is the only source of funds for the coordination, administration and execution of the Department's SBIR/STTR Programs. The DoD Office of Small Business Programs is tasked with providing Departmental SBIR/STTR policy guidance, oversight and implementation and therefore requires program element (PE) 0605790D8Z to fund these administrative activities. In addition to funding costs for program administration, coordination and execution, PE 0605790D8Z funds essential elements of the SBIR/STTR Program that are required by law including: (1) Coordinate and execute the administrative portions of the DoD SBIR/STTR Programs including the development of technical topics, preparation of SBIR/STTR R&D solicitations and receipt of proposal responses; (2) Maintain and modify automated processes across the entire SBIR/STTR lifecycle including the development and maintenance of information systems and software required for the measurement, evaluation, and effective management of the Department's SBIR/STTR Programs; (3) Implement an aggressive outreach program including the execution of two National conferences and outreach to small technology companies, potential investors in such companies, SDBs, WOSBs, Institutions of Higher Learning, underrepresented states, and others, to facilitate participation in the SBIR/STTR Programs; (4) Coordinate oversight, collect results, track execution and provide reporting of Phase II technology transition in the DoD SBIR Commercialization Readiness Program (CRP); and (5) Prepare all reports mandated by law and policy.												
FY 2018 Plans:												

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2017	FY 2018
<p>(U) Program element (PE) 0605790D8Z is the only source of funds for the coordination, administration and execution of the Department's SBIR/STTR Programs. The DoD Office of Small Business Programs is tasked with providing Departmental SBIR/STTR policy guidance, oversight and implementation and therefore utilizes program element (PE) 0605790D8Z to fund these administrative activities. In addition to funding costs for program administration, coordination and execution, PE 0605790D8Z funds essential elements of the SBIR/STTR Program that are required by law including:</p> <p>(1) Coordinate and execute the administrative portions of the DoD SBIR/STTR Programs including the development of technical topics, preparation of SBIR/STTR R&D solicitations and receipt of proposal responses;</p> <p>(2) Maintain and modify automated processes across the entire SBIR/STTR lifecycle including the development and maintenance of information systems and software required for the measurement, evaluation, and effective management of the Department's SBIR/STTR Programs;</p> <p>(3) Implement an aggressive outreach program including the execution of two National conferences and outreach to small technology companies, potential investors in such companies, SDBs, WOSBs, Institutions of Higher Learning, underrepresented states, and others, to facilitate participation in the SBIR/STTR Programs;</p> <p>(4) Coordinate oversight, collect results, track execution and provide reporting of Phase II technology transition in the DoD SBIR Commercialization Readiness Program (CRP); and</p> <p>(5) Prepare all reports mandated by law and policy.</p> <p>FY 2019 Plans:</p> <p>(U) Program element (PE) 0605790D8Z is the only source of funds for the coordination, administration and execution of the Department's SBIR/STTR Programs. The DoD Office of Small Business Programs is tasked with providing Departmental SBIR/STTR policy guidance, oversight and implementation and therefore utilizes program element (PE) 0605790D8Z to fund these administrative activities. In addition to funding costs for program administration, coordination and execution, PE 0605790D8Z funds essential elements of the SBIR/STTR Program that are required by law including:</p> <p>(1) Coordinate and execute the administrative portions of the DoD SBIR/STTR Programs including the development of technical topics, preparation of SBIR/STTR R&D solicitations and receipt of proposal responses;</p> <p>(2) Maintain and modify automated processes across the entire SBIR/STTR lifecycle including the development and maintenance of information systems and software required for the measurement, evaluation, and effective management of the Department's SBIR/STTR Programs;</p> <p>(3) Implement an aggressive outreach program including the execution of two National conferences and outreach to small technology companies, potential investors in such companies, SDBs, WOSBs, Institutions of Higher Learning, underrepresented states, and others, to facilitate participation in the SBIR/STTR Programs;</p> <p>(4) Coordinate oversight, collect results, track execution and provide reporting of Phase II technology transition in the DoD SBIR Commercialization Readiness Program (CRP); and</p>			

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B. Accomplishments/Planned Programs (\$ in Millions)		FY 2017	FY 2018
(5) Prepare all reports mandated by law and policy.			
FY 2018 to FY 2019 Increase/Decrease Statement: Under Program element (PE) 0605790D8Z the OSBP utilizes this sole source of funds for the coordination, administration and execution of DoD's SBIR/STTR Programs. The various areas that are administered require continuous enhancements for stakeholders to successfully participate in these programs. This results in a need for an increase to the funding source. This increase addresses enhancements to the outreach, collection and reporting portion of the program as well as training - more specifically fraud waste and abuse training required by law with respect to the participation in these programs.			
Accomplishments/Planned Programs Subtotals		2.185	2.372
C. Other Program Funding Summary (\$ in Millions) N/A			
Remarks			
D. Acquisition Strategy Not applicable for this item.			
E. Performance Metrics (U) Performance is in support of the administration of the program and compliance with statutory requirements. (U) For PE 0605790D8Z, management and administration of the DoD SBIR/STTR Programs, the following measures have been established to meet requirements as mandated by law: 1) Coordinate and execute the administrative portions of the DoD SBIR/STTR Programs, especially the creation of the five solicitations; 2) Maintain and improve automated processes across the entire SBIR/STTR lifecycle; 3) Develop and conduct an aggressive outreach program, especially the planning and execution of an annual government training workshop and one small business conference; 4) Coordinate oversight, collect results, track execution and provide reporting of Phase			